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Summary record of the 16th meeting
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Chairman: Mr. Kmoníček ..... (Czech Republic)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 9.40 a.m.

Agenda item 126: United Nations common system (*continued*) (A/58/30)

1. **Mr. Yamamoto** (Japan) stated that his delegation, which had always supported the common system, believed that its homogeneity should be preserved to keep employment conditions equal and consistent across the system as a whole. The International Civil Service Commission should remain an independent body, with specific technical and professional competencies, guaranteeing the proper functioning of the common regime. Its cooperation was therefore essential in the framework of the reform of human resource management. While welcoming the Commission's review of the salaries and benefits system aimed at improving the effectiveness of the secretariats in participating organizations by relating pay and productivity, the Japanese delegation wished to draw attention to several points.

2. Reform of the job evaluation system should provide an opportunity to reduce the excessive number of higher level posts in participating organizations, starting with the United Nations Secretariat. The Japanese delegation supported broadbanding and the establishment of a performance-based salary scale, but it was also essential to establish a fair and reliable system for evaluating professional performance. Care would be needed to prevent payroll expenses from increasing as a result of inadequate application of such a system. The pilot study on the three salary bands proposed should not have financial implications. In the review of the salaries and benefits system, the Japanese delegation believed that the system for comparing the remuneration of United Nations officials with that of United States Federal Government employees should be reviewed, in particular the size of the margin and grade equivalences. The latter should be the subject of a detailed report.

3. The Japanese delegation hoped that ICSC would submit concrete proposals as soon as possible, aimed at improving staff mobility. Lastly, the amount of hazard pay for locally recruited staff, calculated as 20 per cent of the midpoint salary on the local scale, was comparatively higher than that payable to international civil servants. It therefore did not seem rational to raise it to 30 per cent.

4. **Ms. Ude** (Nigeria) said that it was important to implement a credible system for evaluating professional performance, while continuing to improve conditions of employment. The Nigerian delegation took note of steps taken by the Committee to improve salaries and benefits system, and it welcomed the fact that the new Master Standard for classifying jobs in the professional and higher categories would enter into force on 1 January 2004.

5. In relation to broadbanding the salaries structure and performance pay, the Nigerian delegation noted that the formula envisaged risked introducing vagueness into job definitions and post vacancies. For example, in the broader band model which was to be introduced on a trial basis, a P-3, P-4 or P-5 becoming vacant would only be announced in band 2. It was true that lateral changes of duty would not need any job reclassification, but as vertical changes would be less frequent, managers would delegate more administrative responsibilities, and that would require training and skill development activities for professional staff to be strengthened. In any event, considerable work would need to be done before pay could be linked to performance. Certain members were sceptical of the success of the entire broadbanding model applied in the framework of the United Nations common system. In some national Governments, the adaptation of a system of this type had blocked career progress and mobility, resulting in demotivated staff and higher costs. It was therefore necessary to proceed with caution, and analyse the existing structure to identify its possible weaknesses and see how it could be improved, if necessary. The three models proposed, including model 3, which maintained the current structure of seven grades, should be trialled.

6. The Nigerian delegation again drew the Committee's attention to comments arising from preliminary work for the creation of a senior management service, and wanted it to be taken into account. As regards hazard pay for locally recruited staff, it urged the Committee to display the utmost prudence, while recognizing that increasing the allowance would be an encouragement to the staff in question.

7. **Mr. Bel Hadj Amer** (Chairman of the International Civil Service Commission), replying to the remarks made by the delegations, welcomed their support for the review of the salaries and benefits system. He stressed that the Commission was

proceeding very prudently and that the various possibilities described in his report would be tested and evaluated through a pilot study. The Commission had conceived the system of performance pay, in conjunction with the three models covered by the pilot study, to ensure that there would be no effect on costs once it became operational. Nonetheless, if the trial was conclusive, and if additional resources were needed, it would be up to the General Assembly and the other deliberating bodies to appropriate the amounts required, in the light of the effectiveness of the new system, productivity gains, greater recognition of merit, or any other consideration.

8. The Commission had studied several ways of reallocating funds to finance the post of project manager, which was considered by the organizations and staff as essential to the success of the pilot project, since it had to take account of the Organization's financial regulations. Extra-budgetary funds would be needed in any event.

9. The Commission encouraged organizations to provide volunteers to test the three models it had selected. They would be able to choose the alternative best suited to their particular circumstances, bearing in mi t the state of development of their human resource management subsystems and management culture. The current post structure would be maintained during the trial period, after which the Commission would integrate grades and salaries into a broader-band model.

10. The Commission considered that the senior management service, the creation of which required preliminary work, should fall within its purview, since it would be of interagency composition within the common system. Nonetheless, it was impossible to consider the issues relating to such a service as part of the analysis of the salaries and benefits system. The Commission had asked organizations to keep it informed of progress achieved and to submit a report on the subject, to enable it to report to the General Assembly at a future session.

11. Under article 11 of its charter, the Commission was empowered to set the level of hazard pay. Having taken note of the request made by the General Assembly in resolution 57/285, it had nonetheless decided by consensus to stand by its decision to raise the amount of hazard pay for locally hired staff to 30 per cent of the median salary in the local scale. In fact, the amount received by staff in the general services and similar categories was clearly less than that being received by professional and higher ranked staff for the same degree of risk, namely US$1,000 per month. The Commission had also decided by consensus to adjust the way hazard pay for staff in the General Services and similar categories was calculated. It was worth clarifying that hazard pay was only actually payable in 25 countries, or regions of those countries, and that payment authorization only lasted for periods of up to three months and ceased once the risks in question had eased.

12. It had been suggested that in the next round of questionnaires on the conditions of employment of general services staff, the Commission could review the list of economic sectors covered by the surveys and, in particular, the share occupied respectively by the public and voluntary sectors in the employers sample, in order to make changes to the survey method, where appropriate. The vast majority of Commission members were of the opinion that the distinction between public- and private-sector employers made it possible to adequately cover local labour markets in the surveys of conditions of employment among general services staff. Nonetheless, the Commission would look again at the question of the economic sectors covered the next time it reviewed the survey method.

13. Replying to the President of the Federation of International Civil Servants Associations (FICSA), who, in relation to the pay increase for professional staff in 2002, had stated that the ICSC had recommended and the General Assembly had approved an arbitrarily established margin of 12 per cent, the Chairman of the Commission had recommended in its 2002 annual report a differentiated real increase that would raise the general level of the margin to an optimal midpoint of 15 per cent. Nonetheless, the General Assembly had adopted a salary scale that resulted in an estimated margin of 12.2 per cent.

14. Furthermore, contrary to the statement made by the President of FICSA, adjustments made to the base/floor salary scale were never intended to grant salary increases to professional staff, but were supposed to reflect the trend of salaries in the comparator civil service. Thus, in 1989, when the base/floor scale had been instituted, it was also decided that basic salaries would be adjusted whenever the base net salaries of officials in comparable positions serving

at the base city of the comparator civil service increased, and the adjustment would be made by incorporating into the base salary an amount corresponding to adjustment points, without gain or loss. Excluding the adjustment for local conditions, the Commission was happy to revisit the procedure initially established to adjust the salary scale. It was worth noting that when it compared the net pay of United Nations officials serving in New York with that of United States Federal Government officials in equivalent posts in Washington, the calculation took account of the margin of adjustment based on local conditions benefiting staff members serving in Washington.

Agenda item 121: Proposed programme budget for the biennium 2004-2005 (*continued*)

International Trade Centre UNCTAD/WTO (A/58/6 (sect. 13) and Add.1 and A/58/7/Add.7)

15. **Mr. Sach** (Director of the Office of Programme Planning, Budget and Accounts) presented the proposed programme budget of the UNCTAD/WTO International Trade Centre and recalled that the Centre's budget was financed by the United Nations and the World Trade Organization (WTO) in equal parts. The outline budget for 2004-2005 (A/57/761) had been examined by ACABQ and the Fifth Committee in May and June 2003, and by the WTO Committee on Budget, Finance and Administration. Through resolution 57/312 of 18 June 2003, the General Assembly had taken note of the Secretary-General's report on the outline budget and agreed with the comments and recommendations made on this subject by ACABQ in document A/57 /7/Add. 26. He had also asked the Secretary-General to provide documentation services in Arabic and Chinese for the Centre's advisory group, a request that had been taken into account in the proposed programme budget, and to present to him a report on the review of common administrative provisions in relation to the Centre. The report should be ready during the spring of 2004.

16. Given the importance of trade as an engine of development, as stressed in the Doha Ministerial Declaration and the Monterrey Consensus, the Centre should expect increasing demand for its services in the near future. It was therefore proposed to increase appropriations by 5.5 per cent in real terms, which was close to the 5.4 per cent requested in the outline budget. The amount corresponding to the United Nations contribution amounts to SwF32,431,700, equivalent to US$20,591,600 at an exchange rate of SwF1.575 per dollar, i.e. US$346,400 — less than the amount initially envisaged in the outline budget. The request for additional resources related mainly to the net creation of nine new posts (11 new posts compensated by the elimination of two others). This would involve creating six professional posts and five general service staff posts and making three reclassifications. Precise details of the used to be made of the resources requested were provided in paragraphs 13.26 and 13.27 of document A/58/6 (sect.13)/Add.1.

17. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Committee's observations and recommendations on the Centre's proposed programme budget were set out in paragraphs 10 through 14 of document A/58/7/Add.7. The Committee did not recommend approval of all the new resources requested in section 13 of the proposed programme budget, and it proposed a slight reduction in appropriations which, in order to attain a level of SwF65,334,400, would be set at SwF64,268,400 for the biennium 2004-2005.

Agenda item 166: Admission of the International Criminal Court to membership in the United Nations joint staff pension fund (A/C.5/58/13 and A/58/545)

18. **Mr. Dietz** (Deputy Chief Executive of the United Nations Joint Staff Pension Fund) said that the International Criminal Court had requested membership of the United Nations Joint Staff Pension Fund in April 2003. The Standing Committee of the United Nations Joint Staff Pension Fund, acting on behalf of the joint committee, had considered the request and decided by consensus to make a favourable recommendation to the General Assembly, as requested in paragraph c) of article 3 of the pension fund statutes, with a view to admitting the International Criminal Court as a member of the Joint Staff Pension Fund as from 1 January 2004. It was understood that the Chief Executive of the fund would need to ensure in advance that the employment conditions envisaged by the Staff Statute of the International Criminal Court adopted by the Assembly of States Parties on 12 September 2003 were compatible with those in force in the other organizations applying the common system. The Chief Executive of the fund had made the necessary

verifications and concluded that conditions employment in the International Criminal Court were consistent with the criteria set out in paragraph b) of article 3 of the fund's statutes. The Fifth Committee was invited, in paragraph 4 of the annex to document A/C.5/58/13, to recommend that the General Assembly approve membership of the joint pension fund by the International Criminal Court.

19. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) stated that, as indicated in paragraph 4 of document A/58/545, the Advisory Committee approved the recommendation made by the Standing Committee of the United Nations Joint Staff Pension Fund in relation to the request for fund membership made by the International Criminal Court.

The meeting rose at 10.25 a.m.